

Major Donor Threshold Increase

Bill Proposal:

This bill would increase the \$10,000 threshold in section 82013 (c), which renders a contributor a major donor, to \$30,000. It would also increase the contribution amount that triggers the major donor notification requirement (which requires a candidate or committee to inform a contributor of \$5,000 or more that the contributor may become a major donor) from \$5,000 to \$15,000.

Problem:

Under current law, persons making contributions totaling \$10,000 or more are deemed to be committees, imposing certain reporting requirements on this class of non-recipient committee ranging from late contribution reports to semi-annual filing obligations.¹ Typically, these “major donors” are individuals or corporations.

Because the threshold is \$10,000, a single contribution to a candidate for governor at the current contribution limit of \$22,300, or primary and general contributions to other statewide candidates at the \$5,600 limit, will trigger the status of committee with all the commensurate filing obligations.² Although candidates are required to provide notices to their donors of \$5,000 or more that they may be or become major donors, this does not always happen. Even those major donors who are notified sometimes fail to file the reports, leading to a considerable enforcement workload that has justified creation of the Major Donor Streamline Enforcement Program.

Proposed Solution:

By increasing the threshold to \$30,000, this bill would reduce the number of less sophisticated contributors who may become subject to major donor enforcement action simply because they are unaware of the requirement. The \$30,000 level was selected to ensure that a single contribution to a candidate for governor will not by itself make a contributor a major donor committee. The bill would accordingly increase the notification requirement from \$5,000 to \$15,000, a more appropriate number in relation to the \$30,000 threshold.

Fiscal Impact:

It is estimated that this change will result in a minor, but helpful, savings in Commission staff time currently spent on major donor enforcement that can be shifted to other enforcement functions.

Bill Language:

82013. Committee

"Committee" means any person or combination of persons who directly or indirectly does any of the following:

- (a) Receives contributions totaling one thousand dollars (\$1,000) or more in a calendar year.
- (b) Makes independent expenditures totaling one thousand dollars (\$1,000) or more in a calendar year; or

¹ Major donors are required to comply with the following sections: 84200(b) semi-annual campaign filings, 84200.5(g) pre-election reports if major donor is a city committee, 84203/84204 late contribution and late independent expenditure reports, 84202.7 special odd-year reports, 84203.5 supplemental independent expenditure reports, 84506(a)(1) mass mailing or broadcast identification, 84511 paid spokesperson report, 84605(a) electronic filing, 85310 issue ads identifying state candidates, and 85500 online independent expenditure reports.

² Contribution limits were adjusted last month, effective January 1, 2007, in the following amounts: \$3,600 for an Assembly/Senate candidate, \$6,000 for a statewide elective office candidate, and \$24,100 for a gubernatorial candidate.

(c) Makes contributions totaling ~~ten~~ thirty thousand dollars (~~\$10,000~~) (\$30,000) or more in a calendar year to or at the behest of candidates or committees.

A person or combination of persons that becomes a committee shall retain its status as a committee until such time as that status is terminated pursuant to Section 84214.

84105. Notification of Contributors.

A candidate or committee ~~which~~ that receives contributions of ~~five~~ fifteen thousand dollars (~~\$5,000~~) (\$15,000) or more from any person shall inform the contributor that he or she may be required to file campaign reports. The notification shall occur within two weeks of receipt of the contributions but need not be sent to any contributor who has an identification number assigned by the Secretary of State issued pursuant to Section 84101.